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CENTRAL INTELLIGENCE AGENCY

REPORT

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1. On 18 March 1948, Kanin, former chief of Tass in Vienna, and Anatol Krylov, of Tass in Vienna, were present at a meeting of the Central Committee of the Austrian Communist Party, at which they criticized Austrian CP leaders Johann Koplenig and Honner for poor propaganda activity in Austria. They gave Koplenig and Honner three months to improve the quality of CP propaganda and threatened that failure would result in the transfer of responsibility to Friedl Ffurnberg. They stated that the following three months would have to be used to strengthen CP propaganda in Austria, because the national economic situation would improve during the second half of 1948, and the Communists would no longer be able to make maximum capital of the poor economic condition of the country.
2. At a second meeting, which was held early in June, Kanin expressed dissatisfaction and demanded an explanation of the lack of improvement in propaganda activities. Koplenig replied that he received no cooperation from the Party press, which defied his orders and acted solely on Ffurnberg's instructions. Ffurnberg then remarked that Koplenig and Honner had failed to draft a satisfactory propaganda line for the press to concentrate on. Kanin ruled that two non-partisan Communists, one Austrian and one Hungarian, sit in the Volksstimme offices to arbitrate policy disputes between the two factions. Erwin Zucker-Schilling, press chief of the Hungarian Communist Party, is said to be a Ffurnberg follower. The Austrian mediator is still unidentified, but both are alleged to be Politburo agents.
3. On 14 June, a liaison man between the Cominform and Moscow arrived in Vienna with funds for the Communist evening paper Der Abend. A meeting of leading Austrian Communists and the staff of Der Abend is scheduled for 16 June for the purpose of discussing ways and means of raising money for this paper. The alternative is to stop publication, as the paper is in bad shape financially.
4. The liaison man will remain in Austria as an observer and adviser of the Communist press. He is known only by his cover name "Edith", but is reported to be Kanin, who resigned from Tass sometime ago and was appointed Cominform and Politburo representative in Austria. He has been traveling between Vienna, Budapest, and Moscow during the past three months.

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5. Benedikt Freistadt, editor of Der Abend, has been seeking Cominform financial support for weeks but received a favorable reply only after complying with Cominform demands for increased propaganda activity. The first step was the extra edition of 14 June with its gross misrepresentation of the reconstruction bill pending in the Austrian Parliament. Comment: This edition was confiscated by the Austrian Public Prosecutor as a "dissemination of a false and disquieting rumor". The edition, however, had already created considerable excitement. Its confiscation was approved by the Cabinet. The next step in the campaign will be the disclosure of recent secret meetings between People's Party and Socialist Party leaders, at which an agreement was sought on raising the price of agricultural products. 50X1-HUM
6. The above-mentioned Anatol Krylov is reported to be a Soviet agent, assigned to watching Soviet and foreign correspondents in Austria. Comment: it is felt that, in view of recent rumors that Tass is to take over the Volksstimme, there may be some truth in the report.) 50X1-HUM

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